



# Sam Brownback

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## News Release

May 25, 2000

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## KANSAS HOMESTEAD PROVISION AGREEMENT REACHED

WASHINGTON – U.S. Sen. Sam Brownback today announced an agreement has been reached with regard to homestead provisions in the Bankruptcy Reform Act (H.R. 833) which would allow Kansans to keep their homestead exemption after two years of purchasing their home. Lawmakers taking part in the House-Senate Conference reached the agreement during talks on H.R. 833. This legislation will next face a vote for final passage in the Senate and House.

“Today, I am pleased to announce that the homestead provision in the Kansas state constitution has been protected, thanks to this agreement,” Brownback said. “Kansas has a homestead statute in our state constitution, dating back to 1859. Many Kansas farmers have used this exemption during times of economic hardship to protect their farms and homes. Several farming states have similar homestead laws. This agreement will have a significant impact on farmers, who are already faced with cash flow problems caused by low commodity prices.

“This provision seeks to provide states the right, which has historically been given them, to determine their homestead policy.

“Opponents of this provision claim that homestead exemptions are used as loopholes for the wealthy to avoid paying their debts. However, most of the people who use these exemptions are not wealthy but are experiencing severe financial hardship. They range from farmers in Kansas to senior citizens in Florida.

“I am pleased that Congress has decided not to impose a one-size-fits-all approach to a problem that has been called ‘a rare phenomenon’ by the Executive Office for the United States Trustees,” Brownback said.

Details of the bankruptcy homestead exemption agreement:

- \$100,000 nationwide cap on “new home equity” added within the two years prior to filing for bankruptcy. After two years, state law applies.

- No cap for home equity purchased within seven years of filing for bankruptcy with the intent to defraud, hinder or delay.

- “New home equity” does not include equity acquired prior to the beginning of the two year period before filing for bankruptcy that is rolled over into a new residence within the two year period.

- Cap does not apply to family farmers.